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NHMA

NATIONAL HOUSEWARES MANUFACTURERS ASSOCIATION

SIXTEENTH ANNUAL MARKETING RESEARCH STUDY OF HOUSEWARES MANUFACTURERS

1982

Research by
B. Angell & Associates, Inc.

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NHMA
INTERNATIONAL HOUSEWARES EXPOSITION

Serving the Housewares Industry since 1938
Incorporated not for Profit

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1324 Merchandise Mart • Chicago, Illinois 60654-1273 • Telephones (312) 644-3333 / 644-6363

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April, 1983

TO MEMBERS OF THE HOUSEWARES INDUSTRY:

The National Housewares Manufacturers Association is pleased to publish its Sixteenth Annual Marketing Research Study of Housewares Manufacturers for the year 1982.

The study surveyed exhibitors in our January 1983 International Housewares Exposition, and was carried out for us by the independent market research firm of B. Angell & Associates, Inc.

The 1982 study results, as presented in this report, provide authentic marketplace views of America's vital housewares industry in a period of great challenge for all of our nation's economy.

We sincerely hope that our 16th NHMA research study will provide, as well, a useful and valuable marketing tool for all members of the industry in the months ahead.

Additional copies are available upon written request.

NATIONAL HOUSEWARES MANUFACTURERS ASSOCIATION

Ron Fippinger

Ronald A. Fippinger, Managing Director

RAF:lc

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B. Angell & Associates, Inc.

April, 1983

One East Superior Street • Chicago, Illinois 60611 • 312/943-4400

BACKGROUND AND PURPOSE

Over the past sixteen years, since 1967, the National Housewares Manufacturers Association has been conducting annual marketing research studies of housewares manufacturers by surveying exhibitors in its International Housewares Exposition.

The primary purpose of these surveys has been to monitor and track industry sales and marketing trends. The surveys provide the following information:

- Manufacturers' dollar sales
- Percent of dollar sales by
  - . . . product categories
  - . . . retail and wholesale trends
- Classification of manufacturers by
  - . . . product categories
  - . . . size
- Anticipated sales projections
- Pricing trends
- Related issues of interest

These annual NHMA surveys offer a singular opportunity to monitor industry trends on a continuing basis. They represent the most authoritative body of marketing data about housewares manufacturing currently available to the industry.

METHOD

Due to the number, diversity and geographic dispersion of housewares manufacturers, it was determined that a self-administered mail questionnaire is the most effective means for obtaining the desired information.

The anonymity of the responses has been maintained by having the completed questionnaires returned for processing to the certified public accounting firm of Robbins, Baer, Baygood & Telpner.

For the current study, questionnaires were sent to 1,750 exhibitors in the January 1983 NHMA International Housewares Exposition. The findings summarized in this report are based on the responses of 605 manufacturers, representing 35% of the exhibitors.

In our opinion, the rate of return and the sample size provide a reliable and valid profile of housewares manufacturers who are represented by the NHMA International Housewares Exposition.

Joseph S. Adler
President

HIGHLIGHTS OF THE FINDINGS

Following are highlights of those findings most pertinent to the objectives of the survey and of greatest interest to the housewares industry.

- In 1982, housewares manufacturers' total dollar sales increased by 5% over the previous year, for the first time exceeding $20 billion.

- Although the lowest annual change in seven years, the 5% total dollar sales increase over 1981 once again demonstrated the housewares industry's steady and consistent growth. During the same period, as it had in past years, the industry outperformed a number of the nation's leading economic indicators: in comparison, the Gross National Product rose by 4% and the Personal Income Index increased by 3%.

- In 1982, approximately one out of four manufacturers of housewares reported sales of under $1 million. In turn, 40% reported that they expect their 1983 sales to exceed $5 million.

	Actual in 1982	Expected for 1983
Under $1 million	24%	20%
$1-$2.5 million	23	21
$2.5-$5 million	17	19
Over $5 million	36	40

The above reflects, once again, manufacturers' tendency to be more optimistic in their projected expected sales estimates for the coming year than evidenced by their reported actual sales, a year later. Such optimism has been characteristic of the housewares industry over the years, and is indicative of its apparent entrepreneurial spirit.

- In 1982, Electric Housewares, while representing only 11% of manufacturers, accounted for 35% of the industry's total sales.

- Similarly, Cook and Bakeware accounted for 11% of the industry's total 1982 volume, although representing only 7% of all housewares manufacturers.

- Consistent with a trend that has been evident since these studies were initiated sixteen years ago, the housewares industry's sales directly to retail outlets reached their highest level in 1982, at 82%. During these years, sales directly to Mass Merchandisers increased from 10% to 28% of the industry's total annual sales. Over the past few years, sales to Catalog Showrooms rose consistently as well, to the 12% reported for 1982. In turn, sales to most wholesale outlets declined during the same period.

- In 1982, the mention of Almond reached an all-time high for any color, as 60% of manufacturers reported it as the most popular color for Kitchen Appliances & Accessories. However, its appeal and dominance may be beginning to peak, as fewer manufacturers (54%) reported that they expect Almond to be the preferred color for the coming year. White was mentioned by 35% for 1982, while 41% of manufacturers expect it to be the preferred Kitchen Appliances & Accessories color in 1983.

  For Bath & Closet Accessories, White and Almond were reported by 25-28% of the manufacturers. However, although mentioned by fewer manufacturers, Blue and Yellow demonstrated potential increases in preference.

  While the reported preference for Brown appears to be declining for Outdoor Products & Accessories, White, Green and Yellow are expected to continue to be the preferred colors in the product category for the coming year.

  For Serving and Buffet Products & Accessories, the preference for Almond and Brown appear to have peaked in 1982, and are expected to be declining for 1983. The reported appeal of White, Blue and Yellow, which has increased over the past few years, was expected to increase further for 1983.

- The trend toward smaller price increases by fewer manufacturers, evident during the past few years, continued in the current study. 41% of manufacturers reported that they had increased their prices in 1982. The industry's average price increase was 6.1%. The reported average price increase expected for 1983 was 5.1%.

  In general, the reasons mentioned for the anticipated price increases were reported at lower levels than a year ago. There were reduced concerns over "higher material costs" and "higher labor costs," as well as "inflation." However, manufacturers indicated greater concern for "higher overhead costs" for 1983.

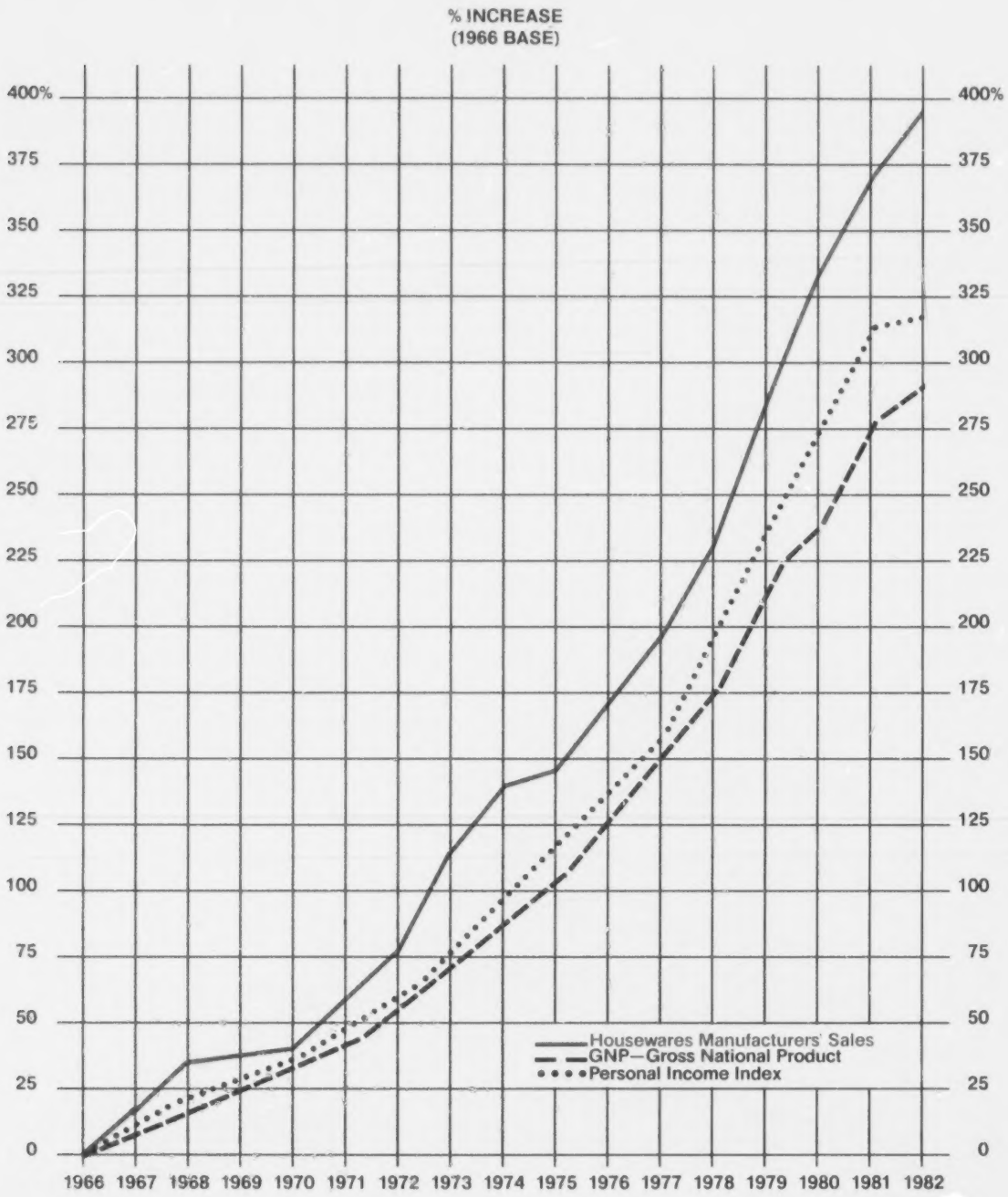
- In 1982, as in past years, approximately 83% of manufacturers' orders were reported to be "filled immediately."

  77% of manufacturers reported that their accounts receivable are outstanding "45 days or longer."

- The most frequently cited problems anticipated for 1983 concerned "economic factors," mentioned by 40% of manufacturers. Primarily, these included concerns over "economic outlook/tight money/recession" (24%) and "maintaining profit margins" (14%). Other concerns mentioned were "collections/accounts receivable" (23%), "higher costs" (10%) and "declining sales" (10%). However, the extent of concern over all of the above appears to be lessened, as the incidence of their mention has declined since 1981.

  On the other hand, manufacturers appear to be concerned over, and anticipate the following problems: "changes in the competitive mix," "changes in retailers' buying/inventory attitudes" and "promotions/marketing-related problems." The mention of all of these has increased significantly in the past year.

PERCENT GROWTH IN HOUSEWARES MANUFACTURERS' SALES – 1966-1982
COMPARED TO GROSS NATIONAL PRODUCT AND PERSONAL INCOME INDEX



During the years 1966 through 1982, housewares manufacturers' sales rose by close to 400%, from approximately $4 billion a year to more than $20 billion.

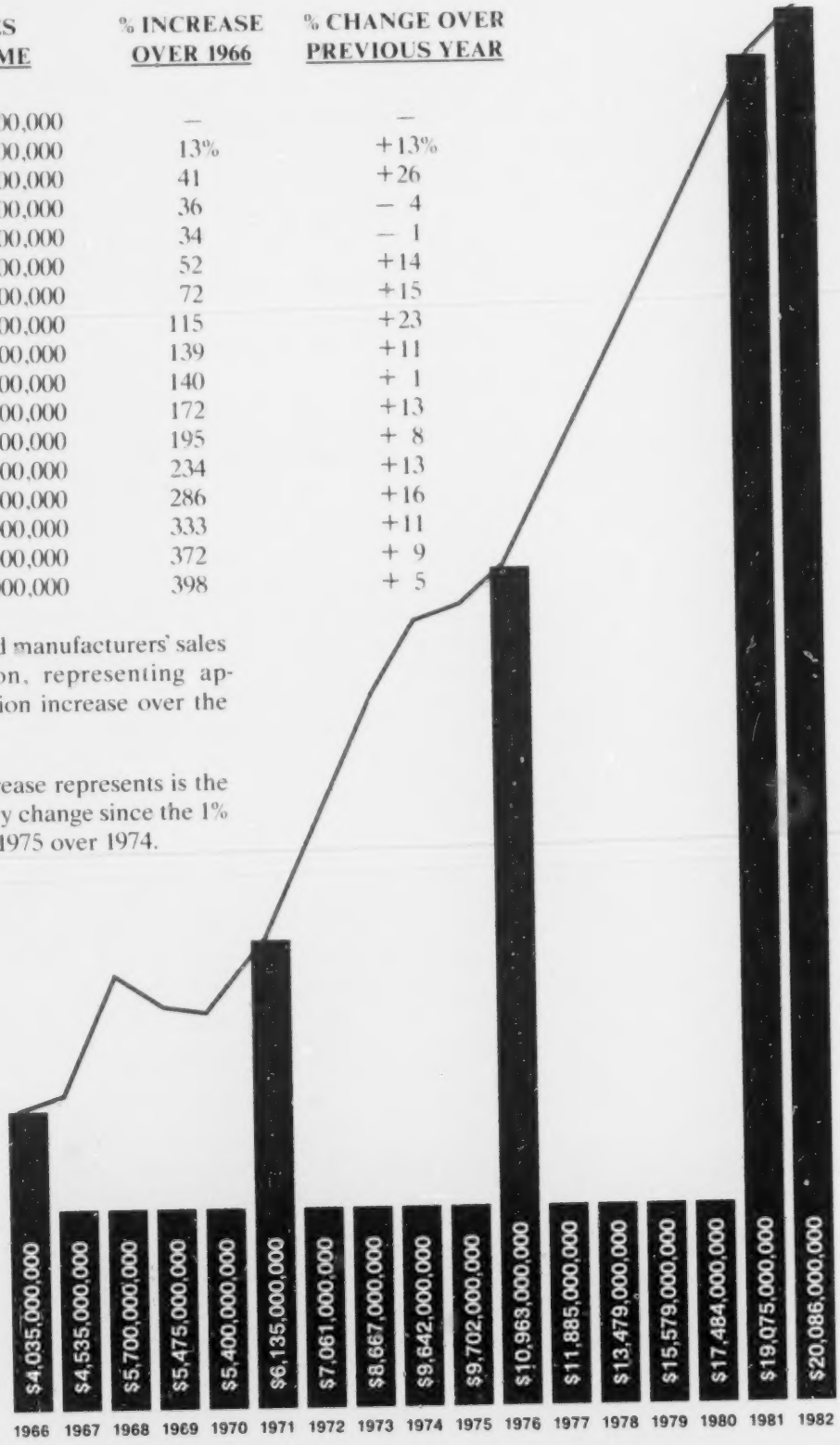
A comparison of manufacturers' sales with two of the nation's leading economic indicators—Gross National Product and Personal Income Index—indicates that the industry's rate of growth over the past sixteen years has been steady and has consistently outperformed the nation's economy. In fact, from 1981 to 1982, a period during which the Gross National Product rose by 4% and the Personal Income Index increased by 3%, housewares manufacturers' sales rose by 5%.

INDUSTRY TRENDS–1966-1982
HOUSEWARES MANUFACTURERS' TOTAL DOLLAR SALES VOLUME

	SALES VOLUME	% INCREASE OVER 1966	% CHANGE OVER PREVIOUS YEAR
1966	$ 4,035,000,000	—	—
1967	4,535,000,000	13%	+13%
1968	5,700,000,000	41	+26
1969	5,475,000,000	36	− 4
1970	5,400,000,000	34	− 1
1971	6,135,000,000	52	+14
1972	7,061,000,000	72	+15
1973	8,667,000,000	115	+23
1974	9,642,000,000	139	+11
1975	9,702,000,000	140	+ 1
1976	10,963,000,000	172	+13
1977	11,885,000,000	195	+ 8
1978	13,479,000,000	234	+13
1979	15,579,000,000	286	+16
1980	17,484,000,000	333	+11
1981	19,075,000,000	372	+ 9
1982	20,086,000,000	398	+ 5

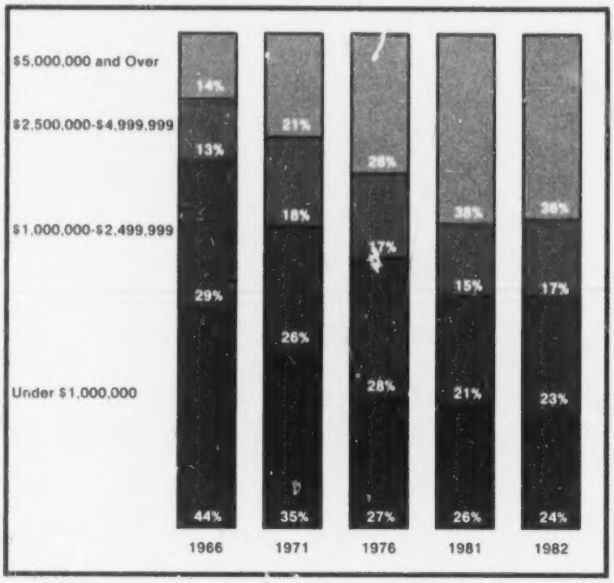
In 1982, total reported manufacturers' sales exceeded $20 billion, representing approximately a $1 billion increase over the previous year.

The 5% that this increase represents is the lowest annual industry change since the 1% increase reported in 1975 over 1974.



SIZE OF HOUSEWARES MANUFACTURERS – BY DOLLAR SALES VOLUME

	Under $1,000,000	$1,000,000-$2,499,999	$2,500,000-$4,999,999	$5,000,000 and Over
1966	44%	29%	13%	14%
1971	35	26	18	21
1976	27	28	17	28
1981	26	21	15	38
1982	24	23	17	36



In 1966, 44% of manufacturers reported sales of under $1 million, while only 14% reported that their sales exceeded $5 million.

In 1982 the incidence of companies reporting their sales exceeded $5 million declined from the previous year, 36% as compared to 38%.

As indicated, 36% of housewares manufacturers were classified in the $5 million-and-over category in 1982. In turn, more manufacturers (40%) reported that they expected to be in this category in the coming year. The optimistic expectation further underscores the industry's apparent strength.

In fact, over the years, housewares manufacturers tended to be more optimistic in their projected expectation estimates for the coming year than were borne out by their actual sales. Such optimism is characteristic and indicative of the apparent entrepreneurial nature of much of the housewares industry.

SIZE OF HOUSEWARES MANUFACTURERS – BY DOLLAR SALES VOLUME

SALES VOLUME	ACTUAL 1982		ESTIMATED 1983	
Under $1,000,000	24%		20%	
$1,000,000-$2,499,999	23		21	
$2,500,000-$4,999,999	17	53%	19	59%
$5,000,000 and Over	36		40	
	100%		100%	

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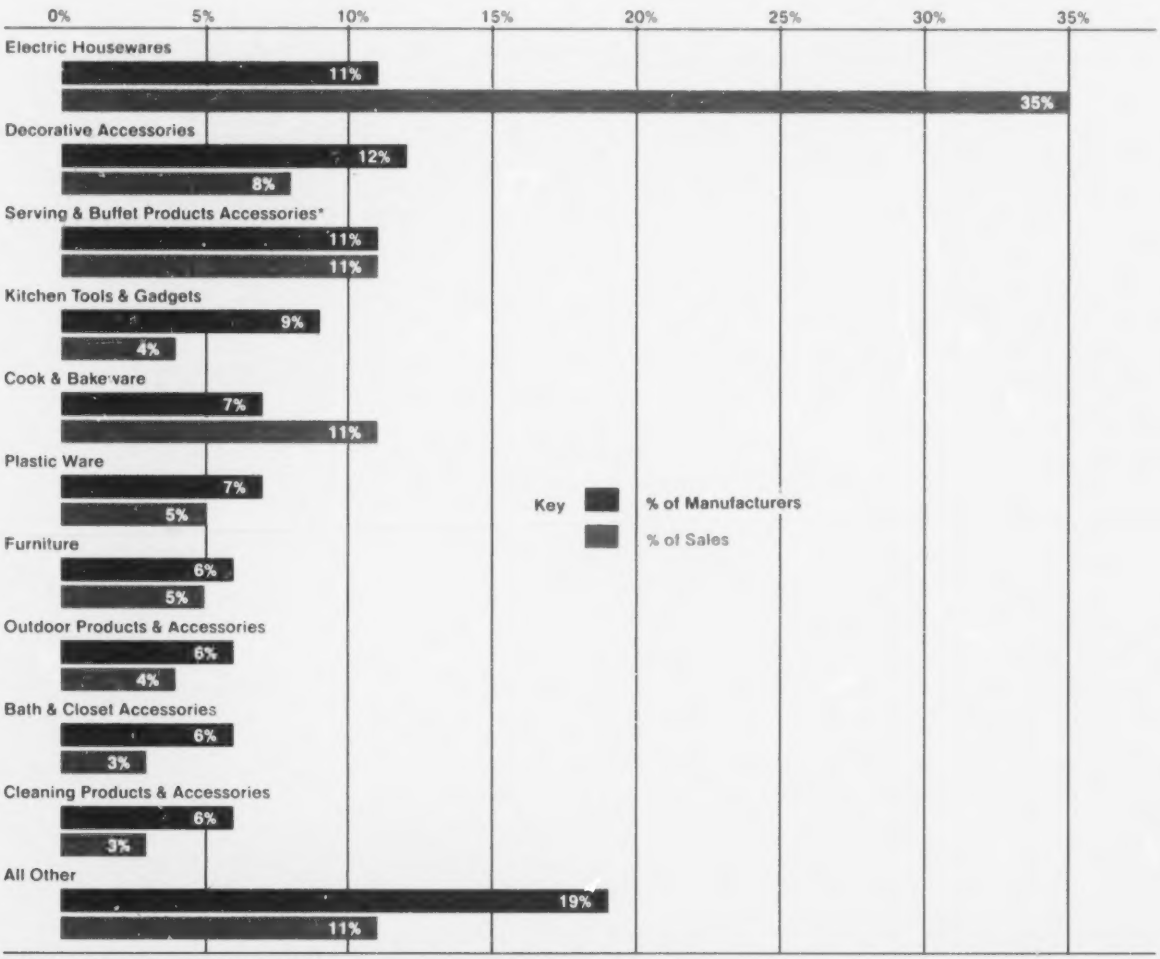
DISTRIBUTION OF HOUSEWARES MANUFACTURERS AND SALES – 1982
BY PRODUCT CATEGORY

PRODUCT CATEGORY	% OF MANUFACTURERS	% OF SALES
Electric Housewares	11%	35%
Decorative Accessories	12	8
Serving & Buffet Products & Accessories*	11	11
Kitchen Tools & Gadgets	9	4
Cook & Bakeware	7	11
Plastic Ware	7	5
Furniture	6	5
Outdoor Products & Accessories	6	4
Bath & Closet Accessories	6	3
Cleaning Products & Accessories	6	3
All Other	19	11
	100%	100%



*Includes Dinnerware, Cutlery and Flatware

In 1982, 35% of manufacturers' sales were reportedly concentrated among 11% of manufacturers, namely Electric Housewares.

The only other category where the percent of sales was proportionately higher than the percent of manufacturers was Cook and Bakeware, where 7% of manufacturers reported 11% of the industry's total dollar sales.

In turn, manufacturers in most of the remaining categories reported proportionately lower dollar sales than the incidence of their presence in the industry.

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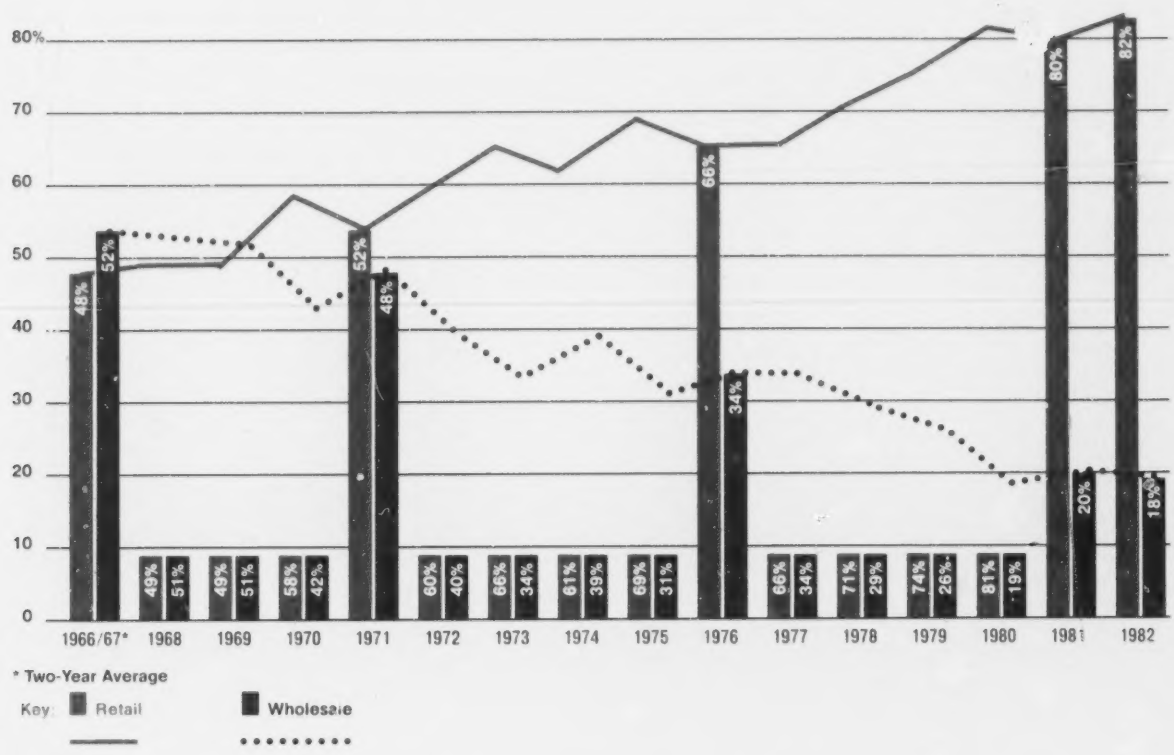
RATIO OF HOUSEWARES MANUFACTURERS' SALES
TO RETAIL VS. WHOLESALE OUTLETS - 1966-1982



In 1982, less than a fifth (18%) of the industry's total sales were to wholesale outlets. In turn, manufacturers' sales directly to retail outlets reached their highest level, at 82%. This trend has been consistent for the industry since the research was initiated in 1966/67.

PERCENT OF TOTAL DOLLAR SALES TO RETAIL AND WHOLESALE OUTLETS
(BASED ON RETAIL + WHOLESALE = 100%)

RETAIL OUTLETS	1966/67 †	1971	1976	1981	1982
Mass Merchandisers	10%	18%	20%	28%	28%
Catalog Showrooms	–	–	6	10	12
Department Stores	10	10	7	11	9
Drug Stores	2	3	4	6	6
Food Stores	7	3	5	6	5
Housewares/Hardware Stores	4	3	5	4	5
Variety Stores	9	7	6	5	3
Buying Syndicates	1	*	1	1	3
Mail Order	3	4	4	2	2
Home Centers	*	*	2	2	2
All Other	2	3	6	5	7
	48%	52%	66%	80%	82%

WHOLESALE OUTLETS	1966/67 †	1971	1976	1981	1982
Housewares/Hardware Distributors	17%	14%	9%	7%	7%
Electric Housewares Distributors	9	8	6	4	3
Rack Jobbers	3	3	3	2	3
Premium Users	5	4	2	1	1
Club & Party Plan	*	*	5	1	1
Premium Distributors	2	1	1	1	1
Stamp Plan Suppliers	7	5	1	1	*
Drug Distributors	1	2	2	1	*
Variety Distributors	2	1	1	*	*
Jewelry Distributors	*	2	*	*	*
All Other	5	8	3	2	2
	52%	48%	34%	20%	18%

† Two-Year Average
– Outlet not listed
* Less than 0.5%

The role of Mass Merchandisers has increased from 10% of the industry's total dollar sales in 1966/67, to 28% in both 1981 and 1982.

A further significant development is evident in the industry's sales to Catalog Showrooms, which in 1982 were 12%. In turn, sales to Department Stores were 9% in 1982.

On the other hand, manufacturers' sales of housewares to virtually all wholesale outlets declined continuously over the past sixteen years.

HIGHLIGHTS OF 1982/1983 HOUSEWARES COLOR PREFERENCES BY PRODUCT CATEGORIES

BATH & CLOSET ACCESSORIES	Most Popular 1982	Expected For 1983
White	27%	28%
Almond	25	25
Brown	18	13
Blue	11	16
Pink	11	13
Pastel	8	6
Yellow	6	10

OUTDOOR PRODUCTS & ACCESSORIES	Most Popular 1982	Expected For 1983
White	21%	23%
Brown	20	17
Green	15	18
Yellow	14	15
Black	10	11
Earth Tones	10	10
Almond	6	8

KITCHEN APPLIANCES & ACCESSORIES	Most Popular 1982	Expected For 1983
Almond	60%	54%
White	35	41
Yellow	7	7
Brown	6	6

SERVING & BUFFET PRODUCTS & ACCESSORIES	Most Popular 1982	Expected For 1983
Almond	25%	21%
White	22	24
Brown	16	12
Blue	6	9
Yellow	6	8
Clear	6	7
Metalic	6	6
Earth Tones	6	5

Note: Colors cited by 5% or fewer of manufacturers are not included. Since some manufacturers mentioned more than one color, some of the above tables total more than 100%.

In the current study, the industry's reported color preference trends corresponded with trends evident over the past few years.

For Bath and Closet Accessories, White and Almond were reported by approximately a fourth (25-28%) of manufacturers as most popular for 1982 and the expected colors for 1983. The incidence of mention of Blue and Yellow, although lower, demonstrates potential increases for 1983.

For Kitchen Appliances & Accessories the mention of Almond reached an all-time high, at 60% reporting it as the most popular color for 1982. However, only 54% reported that they expect this dominance by Almond for 1983, suggesting that its appeal may be beginning to peak. In turn, while 35% mentioned White as the most popular color for 1982, more manufacturers (41%) expect it to be the preferred Kitchen Appliances & Accessories color for 1983.

For Outdoor Products & Accessories, White, Green and Yellow were reported to be the preferred colors for 1982 and 1983. In turn, the preference of Brown was seen as potentially declining, from 20% for 1982 to 17% for 1983.

The reported preference for Almond and Brown for Serving and Buffet Products & Accessories may also have peaked and be potentially declining, as both colors were reported at lower levels anticipated for 1983 than reported for 1982. On the other hand, the mentions of White, Blue and Yellow have increased over the past few years, and are expected to increase for 1983.

1982/1983 HOUSEWARES PRICE INCREASES

	% OF MANUFACTURERS					
	ACTUAL			ANTICIPATED		
	1982	1981	1980	1983	1982	1981
% AMOUNT OF PRICE INCREASE	**41%**	**68%**	**79%**	**56%**	**71%**	**85%**
1-4%	8	6	4	18	11	9
5	11	10	10	21	19	10
6-9	16	30	29	12	23	29
10	2	12	22	3	11	23
11-14	1	5	8	—	2	7
15	1	1	3	1	1	2
Over 15	1	1	2	—	—	3
	5%	19%	35%	4%	14%	35%
Amount Not Specified	1	3	1	1	4	2
AVERAGE PRICE INCREASE	**6.1%**	**7.5%**	**8.9%**	**5.1%**	**6.4%**	**8.4%**

Three years ago, in the 1980 study, approximately four out of five housewares manufacturers (79%) reported that they had increased their prices during that year, and that they expected their prices to be further increased in 1981.

A year later, fewer manufacturers (68%) indicated that their prices had been increased. Their reported average price increase was 7.5%, as compared to 8.9% in the previous year. During that same period, the number of manufacturers who expected to increase their prices declined from 85% to 71%, while the anticipated average price increase also declined, from 8.4% to 6.4%.

In the current study for 1982, the trend to smaller price increases by fewer manufacturers continued. The proportion of manufacturers who actually increased their prices declined to 41%, reporting an anticipated 6.1% average price increase. Similarly, while 56% expected to increase their prices in 1983, their reported anticipated average price increase for the coming year was only 5.1%.

	1983	1982	1981	1980
EXPECTED TO INCREASE PRICES	56%	71%	85%	95%
REASONS FOR PRICE INCREASES				
Higher material costs	51	64	69	70
Higher labor costs	44	48	35	33
Higher overhead costs	25	23	15	19
Inflation	11	19	16	15
Higher freight costs	9	10	10	11
NO PRICE INCREASES EXPECTED	44%	29%	15%	5%

Note: Since some manufacturers mentioned more than one reason, the above table totals more than 100%.

During the past four years, the incidence of mention of "higher material costs" steadily declined, from 70% for 1980 to 51% for 1983, as the reason given for increasing prices.

While the incidence of mention of "higher labor costs" increased from 1980 to 1982, as it had in earlier years, its mention for 1983 declined to 44%, over the 48% reported for 1982. Similarly, the reported mention of "inflation" as a reason for higher costs has declined to 11%.

On the other hand, "higher overhead costs" were cited as the reason for anticipated price increases in 1983 by 25%, the highest level since these studies were initiated.

DELIVERY OF ORDERS

% OF ORDERS FILLED IMMEDIATELY	% OF MANUFACTURERS			
	1982	1981	1976	1971
Under 60%	14%	11%	12%	17%
60-69	4	5	4	2
70-79	8	8	9	12
80-89	15	20	17	17
90-99	46 } 59%	45 } 56%	45 } 58%	42 } 52%
100	13	11	13	10
	100%	100%	100%	100%
Average % of Orders Filled Immediately	**82.6%**	**81.6%**	**82.9%**	**80.6%**

Since 1971, manufacturers have been asked in each of the surveys to report their "% of orders filled immediately" and the "number of days (their) accounts receivables (were) outstanding." Both the rate of order-filling and the average number of days outstanding have remained relatively constant over the years.

ACCOUNTS RECEIVABLE

NUMBER OF DAYS OUTSTANDING	% OF MANUFACTURERS			
	1982	1981	1976	1971
Under 45 Days	**23%**	**24%**	**33%**	**39%**
0-14	*	1	1	1
15-29	2	2	3	6
30-44	21	21	29	32
Under 45 Days or Longer	**77%**	**76%**	**67%**	**61%**
45-59	48	44	40	34
60-74	19	24	22	21
75-89	5	3	1	2
90 or More	5	5	4	4
Average Number of Days Outstanding	**52**	**51**	**52**	**52**

* Less than 0.5%

PROBLEMS HOUSEWARES MANUFACTURERS ANTICIPATE FOR 1983 (VS. 1982)

	% OF MANUFACTURERS	
	Expected For 1983	Expected For 1982
Economic Factors	**40%**	**59%**
Economic Outlook/Tight Money/Recession	24	20
Maintaining Profit Margins	14	9
Credit/High Interest Rates	7	28
Inflation	1	11
Higher Costs	**10%**	**16%**
Materials	4	5
Rising Interest/Increased Overhead	3	7
Labor	3	5
Freight/Shipping	3	4
Energy	1	1
Changes in the Competitive Mix	**26%**	**11%**
Collections/Accounts Receivable	**23%**	**26%**
Changes in Retailers' Buying/Inventory Attitudes	**19%**	**9%**
Promotion/Marketing-Related Problems	**13%**	**7%**
Declining Sales	**10%**	**18%**
Production-Related Problems	**10%**	**6%**
Changing Consumer Needs/Demands	**5%**	–
Governmental Regulations/Controls	**1%**	–
No Problems/None	**4%**	–

Note: Since some manufacturers mentioned more than one problem, the above table totals more than 100%.

During the past few years, housewares manufacturers have been asked to indicate those problems that they felt their companies may be facing during the coming year.

As previously reported, concerns over "economic factors" remained most prevalent, mentioned by 40% for 1983. It should be noted, though, that the incidence of mention of such concerns is evidently declining.

The most significant contributions to the apparent decline are due to the reduced concerns over "credit/higher interest rates" (28% to 7%), as well as the apparent lessened concern over "inflation" (11% to 1%). Two years earlier, in 1979, concerns over "inflation" were cited by 23% of manufacturers. Similarly, the mention of concerns over "higher costs" declined from 16% to 10%. Another notable decline was in the mention of concerns over "rising interest/increased overhead," from 7% to 3% expected for 1983. Concerns over "declining sales" also appear to have been lessened, from 18% to 10%.

On the other hand, the mention of three different types of concerns increased significantly from "expected for 1982" to "expected for 1983." These concerns were over the following: "changes in the competitive mix" (11% to 26%), "changes in retailers' buying/inventory attitudes" (9% to 19%) and "promotions/marketing-related problems" (7% to 13%).

Some of the manufacturers' specific verbatim comments, indicative of their attitudes, are summarized in the following pages.

The purpose of the following unedited comments is to supplement the foregoing observations regarding prevailing attitudes and concerns for 1983 of some of the responding housewares manufacturers.

"Reliability of raw material suppliers, growing competition, too many and unrealistic demands from buyers because 'they're in the drivers seat'."

●

"In order for us to survive in the market, we will have to continue to grow in double digit ratio at our company's sales level. However, it depends on economic recovery and consumers starting to purchase new houseware products. At this moment, all indexes show that economic recovery will be rather slow. Accordingly, we anticipate that we will have to invest in sales promotion/advertisement which will affect our P/L."

●

"Our most serious problem will arise if the mass merchants react as **late** as they did in 1982 to consumer demand. This situation in 1982 led to severe production problems and increased overhead costs due to our being forced to turn around so quickly, without proper projections from our largest accounts."

●

"A general misunderstanding of the affect of falling interest rates on pricing, and the fact that existing inventories are being factored at the rates in effect 6 to 8 months ago, and the new, lower rates will not be reflected until the same amount of time from now."

●

"The need for effective long-range planning between customers and suppliers will help to keep cost increases at a minimum. Seeking and obtaining this cooperation is going to be difficult."

●

"High financing costs. Though interest rates have dropped tremendously, they are still a heavy burden. Especially since we are preparing to gear up for a significant increase in production. Our lead time from order to receipt of payment will in some cases run 60-120 days. That is a long time to carry a large investment at 14-18%."

"Low-quality imports that are flooding the market at costs that cannot be matched by **any** domestic manufacturer. Customers talk about quality, but buyers foster inferior merchandise on them by not giving them a choice."

●

"We are stainless steel 18/8 manufacturers as that, our most difficult problem is to convey people of the quality of our items, compared to the lower quality and prices out of Korea. We anticipate doing well with smart shoppers looking for high-quality products."

●

"Continued lack of professionalism at the buying level, and the decreasing number of accounts to call on."

●

"Increased competition, probably due to the depressed economy, has resulted in a 'buyers' market. Buyers are now demanding shorter lead times, longer credit terms, lower prices and return privileges. In short, buyers are expecting the manufacturer to take all the risks normal to the retail business, but without additional compensation. Some of these demands are made because buyers are incapable of predicting sales in these economic conditions with erratic fluctuations in sales. Buyers often misjudge and cover their mistakes by putting the monkey on the back of their suppliers. The manufacturers are in such dire need for business they tolerate more than they normally would, resulting in higher costs which will eventually be passed back to the retailers."

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"Competition from Hong Kong and Taiwan imports which, under General Preference Treaty for 'underdeveloped' countries, come into the U.S. duty free."

●

"Item life span; as an item starts moving, many people jump on the band wagon which shortens the life of the item, because of stiff price competition. Retailers eventually stay away from these items because it's difficult to make full mark-up on 'HOT' items."

"Learning to cope with disinflation. We had learned to live with inflation and make paper profits. Now all of the rules have changed. Knowing costs and competing vigorously for market share will be keys to survival in the '80's."

●

"After surviving 1981 and 1982, we are tempted to say, 'What problem?' But one has surfaced for our small company that we did not expect because we felt the dollar volume was not there. One of our competitor's products has been ripped-off by the Far East. This will definitely hurt us in 1983, as it will flood the market with a cheap product. We are facing the problem now and will give it a year to blow over. We believe after a year or so, buyers will return to a quality product for their customers. What hurts is the knowledge that our own people take American products overseas and bring them back to hurt our market place — all for a fast buck."

●

"Let's stop tricking the consumer with inflated regular pricing that created the viability of price promotion. The item 'on sale' is becoming meaningless and degrades the integrity of the retailers, the product and supplier."

●

"As a small company, our major problem is to save our product shelf space and to obtain distribution for new products."

●

"Reluctance of top management to invest in additional tooling and promotion 'until things pick up.' This lack of initiative is supporting the retailers' lament of 'nothing new in the category' — so why promote?"

●

"Retailer demand for lower prices. Also the slow paying habits that have formed by the prolonged recession. Holding large inventories is also a problem. This is necessary because of the shorter lead times from the retailers. They aren't taking the merchandise into the stores as early as before. This causes us to build in anticipation."

"Not being able to react fast enough to customers' orders. This is due to the tight inventories that they work on today. Lead times that used to be six to eight weeks are now three to five weeks."

●

"Since the economy has been so slow for the past 18 months or more, customers are delaying buying until the last moment. This creates quite a problem, since usually you pay higher prices on items that are manufactured on a 'RUSH' basis. Also, the labor cost is usually higher than figured, since a great deal of overtime wages are paid on 'RUSH' orders."

●

"Inability to properly plan, due to suppliers' failure to guarantee prices over a significant period of time."

●

The uncertain economic situation, the large Federal deficit which will affect interest rates in '83; both of which could impact business plans. Currently business has improved slowly. However, there still remains a great deal of uneasiness, which can be provoked by a sharp increased interest rate or changed economic situation that may curtail purchases."

●

"Due to the poor state of the economy, we are afraid that like 1982, retailers will only buy on a special-order basis. They will not buy in excess of their needs for fear of having to stock the item(s). This action leaves our company with the burden of stocking the item(s) and sitting on sedentary dollars."

●

"The companies who knock off original designs and make them cheaper. Hong Kong is bringing in very inferior copies; and the consumer, and especially the buyers, don't know the difference. They just want the price point. The Chinese and Hong Kong work on very low margins."

"If there is one problem, then I would say it is the giant discounter swallowing up the little accounts. Fifteen years ago, there were many, many more accounts to sell; but today the business is in the hands of the few giant retailers — K-Mart, Woolworth, TG&Y, Zayres and Wal-Mart. All these accounts have their own buying offices overseas, in which they import a tremendous amount of goods; thus letting out the supplier."

●

"Imports 'knocking off' our unique design. We make high-quality products, which in turn are **more** expensive than the cheaper imports."

●

"Competition is keen, and it is difficult for a relatively new company to break into the large successful retailer, i.e. Sear, K-Mart and Target, etc."

●

"In our area, many department stores are dropping lines of fine clocks and concentrating on lower-priced, lower-margin goods. We must be able to show them that high-ticket goods have a place on their floors and deserve their attention. As a manufacturer of high-quality clocks, we must be sure not to fall into the trap of lowering quality to reduce price."

●

"There is no question that this is a buyers' market. The biggest problem that arises amongst manufacturers is each one is trying to prostitute the cost of their items. The market at this particular time is very soft. With the cost of energy spiralling downward, this will create a situation that will either help manufacturers to stay in business or begin wheeling and dealing as they have in the past. Judging from the airlines industry, you can well understand that this has been detrimental to business. I anticipate 1983 to be a year of problems and survival, but we shall overcome."

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"The uncertain economy has prevented buyers from expanding their orders. With more positive news, I expect business to rebound in 1983."

"Due to the slow upturn of the economy, our biggest problem will be in obtaining the orders necessary to keep our factory working at full capacity."

●

"Maintaining sales volume and profit objectives in the face of increased wages and service costs, without passing on these costs through a price increase."

●

"Economic conditions and the inability of the country to fully recover from the recession, including unemployment and the decline of disposable income."

●

"My personal opinion is the collection problem. We have a number of stores that have gone out of business and we are unable to collect our monies from them. I feel if the economy would change, there would be a lot more happier people."

●

"Inability to realize a reasonable profit due to economic conditions. We cannot raise prices as much as we should, and our margins remain too low. The second problem is the **worker on layoff**. We would like more sales to put our **people back to work**."

●

"Economic uncertainties; suspect **inflationary** pressure on raw materials during second half, while consumer is still attuned to highly promotional pricing. This scenario would put enormous pressure on **profit margins** for retailer and manufacturer alike."

●

"As a small manufacturing company that struggled terribly through the last two-and-a-half years, the largest problem we face is getting the financing we will need this year. Our product is selling very, very well, and we look to double our sales this year! Because we are **2nd** half seasoned, we need to field an extensive inventory for that period; so our most serious problem this year will be to get the **proper financing** to enable us to build up the substantial inventory we will need."

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